

PART 2000 - GENERAL

Subpart JJJ - Memorandum of Understanding with the Alternative Agricultural
Research and Commercialization Corporation

§ 2000.3051 General.

The Rural Business-Cooperative Service (RBS) has entered into a Memorandum of Understanding (MOU) with the Alternative Agricultural Research and Commercialization Corporation (AARCC) that sets the framework for a working relationship between the two agencies.

§ 2000.3052 Implementation.

The MOU, attached as Exhibit A, specifies the type of assistance AARCC may request of Rural Development State Offices relative to the conduct of due diligence assessment, monitoring, and the review of AARCC-funded projects. It further provides for the RBS Administrator, under provisions of the Business and Industry (B&I) Guaranteed Loan Program to grant a 90 percent guarantee for loans of up to \$10 million of AARCC-funded companies that are otherwise qualified for a guaranteed loan under the B&I program, subject to the overall limitations of RD Instruction 4279-B, § 4279.107(b). AARCC companies seeking loan amounts above \$10 million are eligible for the standard 60 percent guarantee. Finally, in accordance with the MOU, the Administrator has determined that AARCC-funded B&I loan applicants satisfy the eligibility requirements for a reduced guaranteed fee of 1 percent, subject to the overall limitations of RD Instruction 4279-B, § 4279.119(b)(4).

§§ 2000.3053 - 2000.3100 [Reserved]

Attachment: Exhibit A

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DISTRIBUTION: WSDC

Administration
General

MEMORANDUM OF UNDERSTANDING
Between the
Alternative Agricultural Research and
Commercialization Corporation (AARCC)
and the
Rural Business-Cooperative Service

I. Purpose

This Memorandum of Understanding (the "Agreement") is executed between the Rural Business-Cooperative Service (RBS) and the Alternative Agricultural Research and Commercialization Corporation (AARCC) (the "Parties"). The purpose of the Agreement is to establish parameters for RBS providing assistance, upon request of AARCC, with the due diligence assessment, monitoring, and review for AARCC projects. In addition, it provides, under provisions of the Business and Industry (B&I) Guaranteed Loan Program, for the RBS Administrator to (1) grant a ninety (90) percent guarantee for loans of up to \$10 million and (2) reduces the guarantee from 2 percent to 1 percent, subject to the overall limitations as provided in RD Instruction 4279-B, Sections 4279.107(b) and 4279.119(b)(4), to companies that are otherwise qualified for a guaranteed loan under the B&I program and which are also companies funded by AARCC.

II. Agreement and Responsibilities

- A. In accordance with the purpose of this Agreement, AARCC agrees to:
1. Designate a staff member to act as liaison to RBS. The liaison shall be the primary contact for matters arising under this Agreement and shall be responsible for the general coordination of requests from the Board of Directors and Corporation Director and ensuing activities related to implementation of this Agreement;
 2. Request services on sufficient notice to permit RBS to fulfill each request in an orderly and efficient manner;
 3. Reimburse all costs incurred by RBS under this Agreement as may be mutually agreed upon by the Parties upon proper presentation and demand by RBS.
 4. Identify AARCC-funded companies that are candidates for a guaranteed loan under the provisions of the B&I Guaranteed Loan Program.

Memorandum of Understanding: AARCC and RBS

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B. In accordance with the purpose of this Agreement, RBS agrees to:

1. Designate a staff member to act as liaison to AARCC. The liaison shall be the primary contact for matters arising under this Agreement and shall be responsible for the general coordination of requests from the AARCC liaison and ensuing activities related to implementation of this Agreement;
2. Only upon the request of AARCC, provide any needed assistance in conducting due diligence assessments of proposals for funding by AARCC in accordance with standards and instructions agreed to by AARCC and RBS.
3. Only upon the request of AARCC, provide any needed assistance in conducting monitoring and review functions of projects funded by AARCC in accordance with standards and instructions provided by AARCC.
4. Maintain accurate records and documentation for the use of AARCC only, obtain Confidentiality Statements from employees handling AARCC-related information, and return all information and materials to AARCC after completion of a review, monitoring, or due diligence assignment.
5. Provide a ninety (90) percent guarantee under the B&I Guaranteed Loan Program for loans of up to \$10 million to AARCC-funded companies that otherwise qualify for a guarantee under the B&I program, subject to the overall limitation as provided in RD Instruction 4279-B, section 4279.107(b).
6. Charge AARCC lenders a reduced guarantee fee of 1 percent as specified in RD Instruction 4279-B, section 4279.119(b)(4), of the B&I regulations.

III. Amendment and Termination

- A. This Memorandum of Understanding will become effective upon signature and shall continue in effect every fiscal year unless terminated by either party with 60 days written notice to the other party, and
- B. This Agreement may be amended by written agreement of both Parties hereto.

AGREED:

/s/ _____ 4/27/98
ROBERT E. ARMSTRONG (Date)
Executive Director
AARCC

/s/ _____ 5/1/98
DAYTON J. WATKINS (Date)
Administrator
RBS